**Voluntary Retirement Scheme (VRS) – Steps for Successful Implementation of VRS**

Successful implementation of VRS requires the following steps:

**Step # 1. Identifying the Need for VRS:**

First of all, the organisation must check whether VRS is really necessary. In case there is surplus workforce which cannot be utilised in future, VRS may be required. The type of employees to be covered in the scheme need to be identified carefully.

**Step # 2. Cost Benefit Analysis:**

Before deciding to launch a VRS, its implications for the organisation should be carefully considered. VRS is double edged weapon and not a panacea for all ills of human resource management. It is possible that only the employees who are employable elsewhere opt for the scheme. In such a case, the organisation may lose talent and may be left with poor quality staff. If this happens the very purpose of VRS will be defeated.

**Step # 3. Designing the Scheme:**

The major decisions involved in designing VRS are:

(a) Employees to be covered under the scheme- Logic lies in covering those employees who are least required in future. SAIL prescribed the minimum age limit for different categories of employees.

(b) Compensation Package to be Offered- In public sector enterprises, three months’ salary for each completed year of service subject to a maximum of monthly salary multiplied by the number of months left for retirement is the norm. In public sector banks, 45 days of salary for every year of service or salary for the balance period of service whichever is less was offered.

**Step # 4. Convincing Trade Unions:**

For the effective implementation of voluntary retirement scheme, the HR manager has to convince the trade union leaders about the need and rationale of the scheme. The HR manager has also to convince them about the schemes for the rehabilitation of the retiring employees.

**Step # 5. Rehabilitation:**

The HR management should design training programs to impart new skills among the retiring employees to make them re-employable. He should also arrange out placement services for the retiring employees.